



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
P.O. Box 2508  
Cincinnati, OH 45201

Date:  
09/03/2024  
Taxpayer ID number:  
  
Person to contact:  
Telephone:

Release Number: 202448019  
Release Date: 11/29/24

UIL Code: 4945.04-04

## LEGEND

B = program name  
C = program name  
D = program name  
E = scholarship  
F = organization  
w dollars = \$  
x dollars = \$  
y dollars = \$  
z dollars = \$

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

### **Our determination**

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

### **Description of your request**

Your letter indicates you will operate grant making programs to provide several grants in which you are currently operating and have been previously approved.

You have four programs B, C, D and E. You will ensure that all grants will not be provided in any way based on sex, sexual orientation, marital or parental status, race, color, religion, national origin, age, in order or disability. No persons who are related to your Board of Directors, Advisory Committee members, employees, or to F partners or employees will be eligible to receive the grants.

The B program intends to provide individual grants to current and incoming Fellows in order for them to pay certain state pay certain licensing fees and related expenses that enable the Fellows to practice law as required by their legal position with an IRC Section 501(c)(3) public interest legal services organization (the "Host Organization"). To qualify for B grant, the applicant must complete a certificate to establish need based on the their current assets. The applicant will qualify if they demonstrate they possess less than x dollars of net assets if their household consists of a single individual or less than y dollars of net assets if their household consists of 2 or more individuals. You may adjust the dollar thresholds from time to time upon review of various factors that include, but are not limited to, inflation, the grantee's cost of living, the cost of licensing fees and related expenses, etc. The applicant must also submit information stating that no other person or organization has paid or will pay for the expenses covered by the grant.

C is a current program that was previously approved to provide loan assistance to their Fellows equal to the amount needed to service debt incurred for law school tuition only, after taking into account any repayment assistance offered by the Fellow's law school and aid from other sources. You are expanding this program to include loans incurred by a Fellow to attend law school including loans for books, living expenses, so long as such payments are not already covered under other institutional public programs. This program will also include B. The Fellows will need to certify their assets are less than x dollars for a single household and y dollars for 2 or more individuals. Additionally, they will need to certify their annual income for the duration of their grant is no more than z dollars.

D is a grant program the F has provided grants since 1988 typically in the form of reimbursements of expenses. F plans to continue to fund housing-related subsidies but will revise it standards and procedures to ensure it is measuring the need of its Fellows on a consistent basis. F intends to update the Certificate of Need required of Fellows seeking reimbursement for expenses to conform to the Certificate of Need required of Fellows seeking B.

E is a current program in which you intend to expand the types of eligible reimbursements under w dollars maximum grant currently used. You intend to expand to cover the costs that a Fellow incurs to receive training that is directed related to the Fellow's public interest work. Examples of eligible training expenses are reasonable travel expenses (transportation, meals and lodging) and registration fees to attend outside conferences, purchase relevant publications (treatises and professional periodicals) language training and membership in relevant professional organizations or associations that provide information and training relevant to their area of practice.

To qualify for these grants, the Fellow and the Fellow's Host Organization must certify that the training is reasonably necessary to the work being completed and neither have the means to fund these expenses. The grant will be reimbursed directly to the Fellow or the Host Organization. You will require the Fellow and the Host Organization to provide receipts for each expense covered by you and submit a Certificate of Non-Duplication.

For all programs you stated that:

- The grantee must obtain an agreement with a Host Organization which is 501(c)(3) that provides legal services to the poor, the elderly, the homeless, and the disabled.

- The grant will go to the host to pay for the grantee's salary, etc.
- This is open to all graduating law school students and outgoing judicial clerks.
- After the selections have been made you will allow the grantee to apply for C assistance, housing assistance and/or short-term health insurance by completing a certificate of need.
- You conduct an annual conference in which you cover travel expenses for current and incoming grantees to attend.
- Current Fellows can receive reimbursement for registration fees, etc. to attend outside conferences directly related to the grantees' work.
- Former grantees can apply for a grant in which they research and write projects based on their experience with the programs.
- Your last approved grant program is for former Fellows. They submit a letter briefly describing career trajectory and how it brought them to their present position, explain the inspiration to undertaking the proposed initiative; and details the use to which grant monies would be put.
- Applicants are required to provide an up-to-date Curriculum Vitae, budget for the proposed project and a timeline for the implementation.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a grantee are used for their intended purposes, and
- Withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

#### **Basis for our determination**

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study or other similar purposes. However, a grant that meets all the following requirements of IRC Section 4945(g) is not a taxable expenditure.

#### **Other conditions that apply to this determination**

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the IRS at:

Internal Revenue Service  
 Exempt Organizations Determinations  
 TE/GE Stop 31A Team 105  
 P.O. Box 12192  
 Covington, KY 41012-0192

- You can't award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Letter 437